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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

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4-35810

WASHINGTON, D.C. 20549

RG2.2261

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

Commission file number 0-8133

UNION PLAZA HOTEL AND CASINO INC.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	88-0110085 (I.R.S. Employer Identification No.)
No. 1 Main Street Las Vegas, Nevada (Address of principal executive offices)	89125 (Zip Code)

(702) 386-2110
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

YES X NO _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report:

Class of Common Stock	Outstanding at March 31, 1992
$.50 par value	812,618 shares

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The Securities and Exchange Commission
Washington D.C.

The financial information included herein is unaudited. In addition, the financial information does not include all disclosures required under generally accepted accounting principles because certain note information included in the Company's annual report has been omitted; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of Management, necessary to a fair statement of the results for the interim period.

Las Vegas, Nevada
March 13, 1992

PART 1. – Financial Information

Item 1. Financial Statements

UNION PLAZA HOTEL AND CASINO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)
MARCH 31, 1992 and DECEMBER 31, 1991

UNION PLAZA HOTEL AND CASINO, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(UNAUDITED)

MARCH 31, 1992 AND DECEMBER 31, 1991

ASSETS

	MARCH 31, 1992	DECEMBER 31, 1991
Current Assets:		
Cash	$ 3,644,000	$ 4,059,000
Accounts receivable	1,240,000	1,517,000
Inventories of food, beverage and supplies	595,000	686,000
Prepaid expense	1,573,000	1,249,000
Total current assets	7,052,000	7,511,000
Property and equipment:		
Land	6,837,000	6,837,000
Buildings	54,419,000	54,405,000
Leasehold improvements	3,474,000	3,474,000
Furniture and equipment	38,411,000	38,476,000
	103,141,000	103,192,000
Less accumulated depreciation and amortization	54,208,000	53,374,000
Net property and equipment	48,933,000	49,818,000
Other assets	1,786,000	2,150,000
	57,771,000	59,479,000

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	MARCH 31, 1992	DECEMBER 31, 1991
Current liabilities:		
Accounts payable	$ 2,067,000	$ 2,737,000
Accrued liabilities	2,979,000	4,690,000
Current portion of long-term debt	1,693,000	1,721,000
Current portion of obligations under capital leases	361,000	377,000
Total current liabilities	7,100,000	9,525,000
Long-term debt, less current portion	25,267,000	24,570,000
Obligations under capital leases, less current portion	6,208,000	6,294,000
Deferred income taxes	2,795,000	2,795,000
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.50 par value; authorized 20,000,000 shares; issued 1,500,000 shares; Outstanding 812,618 shares at March 31, 1992 and 815,518 shares at December 31, 1991	750,000	750,000
Additional paid-in capital	5,462,000	5,462,000
Retained earnings	23,019,000	22,855,000
	29,231,000	29,067,000
Less treasury stock, at cost, 687,382 shares at March 31, 1992 and 684,482 shares at December 31, 1991	12,830,000	12,772,000
Total stockholders' equity	16,401,000	16,295,000
	57,771,000	59,479,000

UNION PLAZA HOTEL AND CASINO, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(UNAUDITED)

THREE MONTHS ENDED MARCH 31, 1992 AND 1991

	1992	1991
Revenues:		
Casino	$ 11,940,000	$ 11,241,000
Food and Beverage	3,582,000	3,349,000
Rooms	2,966,000	3,017,000
Other	642,000	637,000
Gross revenues	19,130,000	18,244,000
Less promotional complimentaries	2,979,000	2,557,000
Net revenues	16,151,000	15,687,000
Operating expenses:		
Casino	4,031,000	3,682,000
Food and Beverage	5,307,000	4,147,000
Rooms	1,314,000	1,255,000
General and administrative	1,305,000	1,356,000
Entertainment	123,000	311,000
Advertising and promotion	215,000	149,000
Utilities and maintenance	1,368,000	1,348,000
Depreciation and amortization	1,048,000	1,122,000
Provisions for doubtful account	28,000	19,000
Other costs and expenses	454,000	430,000
Total operating expenses	15,193,000	13,819,000
Operating income	958,000	1,868,000
Other income (expense):		
Interest income	7,000	58,000
Interest expense	(718,000)	(973,000)
Total other income (expense)	(711,000)	(915,000)
Income before income taxes	247,000	953,000
Income taxes	84,000	325,000
Net income	163,000	628,000
Earnings per common share	$0.20	$0.55

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
FOR THREE MONTHS ENDED MARCH 31, 1992 AND 1991

INCREASE IN CASH AND CASH EQUIVALENTS	1992	1991
Cash flows from operating activities:		
Cash received from customers	$ 16,242,000	$ 15,939,000
Cash paid to suppliers and employees	(16,206,000)	(13,148,000)
Interest received	8,000	57,000
Interest paid	(897,000)	(974,000)
Income taxes paid	0	(14,000)
Net cash provided by operating activities	(853,000)	1,860,000
Cash flows from investing activities:		
Proceeds from sale of property and equipment	0	10,000
Proceeds from sale of bonds	92,000	0
Purchase of property and equipment	(163,000)	(252,000)
Net cash used in investing activities	(71,000)	(242,000)
Cash flows from financing activities:		
Proceeds from note payable to Stockholder	1,200,000	-
Principal payments on capital lease	(102,000)	(101,000)
Principal payments on long-term debt	(531,000)	(439,000)
Purchase of Treasury Stock	(58,000)	0
Net cash used in financing activities	509,000	(540,000)
Net increase (decrease) in cash and cash equivalents	(415,000)	1,078,000
Cash and cash equivalents, at 12/31/91 & 12/31/90	4,059,000	6,945,000
Cash and cash equivalents, at 3/31/92 & 3/31/91	3,644,000	8,023,000

RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Net income for period ended 3/31/92 and 3/31/91	$ 163,000	628,000
Adjustments to reconcile net income to Net cash provided by operating activities:		
Depreciation and amortization	1,072,000	1,122,000
Gain on sale of assets	0	(10,000)
Bad debt expense	28,000	19,000
(Increase) decrease in assets:		
Accounts receivable	249,000	234,000
Interest receivable	1,000	(1,000)
Inventories	91,000	111,000
Prepaid expenses	(324,000)	51,000
Other assets	248,000	130,000
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,202,000)	(732,000)
Income tax payable	0	(14,000)
Interest payable	(179,000)	(1,000)
Deferred income tax	0	323,000
Total adjustments	(1,016,000)	1,232,000
Net cash provided by operating activites	(853,000)	1,860,000

UNION PLAZA HOTEL AND CASINO, INC. AND SUBSIDIARIES
UNAUDITED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Union Plaza Hotel and Casino, Inc. (the Company) and its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Nature of the Operations and Basis of Accounting

The Company's wholly-owned subsidiary, Union Plaza Operating Company, operates hotel and gaming operations in downtown Las Vegas, Nevada. A substantial portion of the operating revenues of the Company's subsidiary is derived from gaming operations which are subject to extensive regulations in the State of Nevada by the Gaming Commission, the Gaming Control Board and local regulatory agencies.

Management believes that the Company's procedures for supervising casino operations, recording casino and other revenues and for granting credit comply in all material respects with applicable regualtions.

The Company has no other materially important subsidiaries or operations.

Casino Receivables and Revenue

Credit is extended to certain casino customers and the Company records all unpaid advances as casino receivables on the date credit was granted. Allowances for estimated uncollectable casino receivables are provided to reduce these receivables to amounts anticipated to be collected. The Company recognizes as casino revenue the net win (which is the difference between amounts wagered and amounts paid to winning patrons) from gaming activities.

Promotional Allowances

Gross revenues include the retail value of complimentary food and beverage and hotel services furnished to customers. The retail value of these promotional allowances is deducted to arrive at net revenues.

The cost of promotional allowances is charged to hotel, bar and restaurant operating expenses.

Note 1 Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expenses as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in income. Depreciation, including amortization of a capitalized lease, is computed using the straight-line method. Leasehold improvements (distinguished from unamortized leasehold costs) are amortized over the lives of the leases.

Property and equipment, including capitalized leases, are depreciated over their estimated useful lives of 3 to 20 years for land improvements, 20 to 40 years for buildings, 5 to 30 years for leasehold improvements and 3 to 10 years for furniture and equipment.

Other Assets

Leasehold costs are being amortized on a straight-line basis over the initial 30-year term of the lease. Expansion of gaming rights is being amortized on a straight-line basis over 20 years. Subordination of security interest in lease is being amortized on a straight-line basis over 15 years.

Progressive Slot Liability

The Company has installed a number of progressive slot machines. As coins are played the amount available to win increases and will be paid out when the appropriate jackpot is hit. In accordance with common industry practice, the Company has recorded the liability and has charged this amount against casino revenue.

Earnings Per Common Share

Earnings per common share was computed by dividing net income by the weighted average number of shares of comon stock outstanding during each period.

Inventories

Inventories are valued at the lower of cost, (first-in, first-out) or market. Maintenance and other operating supplies are stated at estimated amounts considered by management to be necessary to conduct full operations. Subsequent replacements are charded to expense.

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company and its subsidiaries file a consolidated Federal Income Tax return. Deferred income taxes are provided to reflect the tax effect of timing differences between financial and tax reporting, principally related to depreciation, slot machine revenue, interest costs, accrued expenses, capitalization of leases, capitalization of property costs and write-down of facilities and other investments to estimated recoverable value. The Company accounts for the investment tax credit as a reduction of income tax expense in the year in which such credits are utilized. Carryforwards of this credit, as well as the tax effect of net operating loss carryforwards, are shown as a reduction to deferred income taxes.

Statement of Cash Flows

The Statement of Cash Flows classifies changes in cash and cash equivalents according to operating, investing and financing activities. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Note 2 Accounts Receivable

Accounts receivable consist of the following:

	March 31, 1992	December 31, 1991
Casino	$ 525,000	$ 898,000
Income Tax Refund	441,000	441,000
Hotel	268,000	172,000
Other	74,000	100,000
	1,308,000	1,611,000
Less allowance for doubtful accounts	68,000	94,000
	$1,240,000	$ 1,517,000

Note 3 Other Assets

Other assets consist of the following:

	March 31, 1992	December 31, 1991
Expansion of gaming rights, less accumulated amortization of $435,000 and $425,000	$375,000	$ 385,000
Subordination of security interest in lease, less accumulated amortization of $584,000 and $567,000	229,000	243,000
Net investment in direct financing lease (Note 7)	328,000	332,000
Leasehold costs, less accumulated amortization of $303,000 and $299,000	136,000	140,000
Deposits and other	718,000	1,050,000
	$1,786,000	$ 2,150,000

Note 4 Accrued Liabilities

Accrued liabilities consist of the following:

	March 31, 1992	December 31, 1991
Salaries and wages	$1,062,000	$ 1,083,000
Union back wages	772,000	1,330,000
Income Taxes	--	--
Other Taxes	518,000	521,000
Interest	--	179,000
Other	627,000	1,577,000
	$2,979,000	$ 4,690,000

Note 5 Income Taxes

The Internal Revenue Service has examined the Company's Federal income tax returns through 1983. Management is of the opinion that all taxes have been paid or provided for through March 31, 1992.

Note 6 Long-Term Debt

Long-term debt consists of the following:

	March 31, 1992	December 31, 1991
Note payable to Valley Bank, secured by a first deed of trust on land and building, first security agreement on all personal property and assignment of Exber's interest in lease (Note 7). In October of 1986, $31,500,000 of the note was refinanced. Interest is Valley Bank's base + 1% prime adjustment ("Contract Rate") with a maximum interest rate of 5% over the contract rate for a period of 3 years, with subsequent adjustments of the maximum rate every 3 years. The effective rate at March 31, 1992 was 7.5%. The term of the refinancing is 10 years. Monthly payments of principal and interest at March 31, 1992 of $295,000 are based on a 15 year amortization schedule with the balance due in October of 1996.	$23,950,000	$24,491,000
10% note payable interest only monthly until December 18, 1996 at which time the balance is due and payable (note 9)	3,000,000	1,800,000
	26,950,000	26,291,000
Less current portion	1,683,000	1,721,000
	25,267,000	$24,570,000

ote 6 Long-Term Debt (Continued)

Principal payments on long-term debt during the succeeding five years are as follows:

1992 (Remaining nine months)	$ 1,130,000
1993	1,819,000
1994	1,980,000
1995	2,155,000
1996	2,345,000
Thereafter	14,521,000
	$23,950,000

On June 19, 1991, the Company purchased 304,841 shares of common stock held by UPLRC for $6,097,000. The Company utilized $4.597,000 of internally generated cash flow and borrowed $1,500,000 from Exber, Inc. to complete this acquisition. The Company issued a demand note for $1,500,000 interest only monthly at 10% per annum to secure the loan from Exber, Inc.

Note 7 Leases

The Company leases equipment and hotel and bus depot prop-erty under long-term lease agreements which are classified as capital leases. The lease with Exber, Inc. (See Note 9) covering the hotel and bus depot property expires in 2001 with renewals. The hotel and bus depot property lease contains one renewal option of twenty-five years and four renewal options of ten years. The bus depot property is sublet to Greyhound Lines, Inc. under a lease expiring in 2001, with two ten-year renewal options available.

Certain computer equipment is also leased under noncancel-lable operating leases expiring in 1993.

Property and equipment include the following leased property under capital leases by major classes:

	March 31, 1992	December 31, 1991
Land and buildings	$ 9,631,000	$ 9,242,000
Computer equipment	78,000	78,000
	9,709,000	9,320,000
Less accumulated amortization	7,653,000	7,606,000
	$ 2,056,000	$ 1,714,000

Note 7 Leases (Continued)

The following is a schedule of future minimum lease payments as of March 31, 1992:

	Buildings	Equipment	Total
1992 (Remaining nine months)	$ 937,000	$10,000	$ 947,000
1993	1,250,000	--	1,250,000
1994	1,250,000	--	1,250,000
1995	1,250,000	--	1,250,000
1996	1,250,000	--	1,250,000
Thereafter	5,731,000	--	5,731,000
Total minimum lease payments	11,668,000	10,000	11,678,000
Less amount representing interest	5,099,000	---	5,099,000
Present value of net minimum lease pmts under capital leases	6,569,000	10,000	6,759,000
Less current portion	361,000	10,000	371,000
Long-term obligations under capital leases	6,208,000	-0-	6,208,000

The net investment in the Greyhound sub-lease at March 31, 1992 and December 31, 1991 was $328,000 and $332,000 respec-tively. This represents the minimum future rentals receivable of $615,000 and $632,000 less the amount representing interest at 13.68 percent of $287,000 and $300,000 at March 31, 1992 and December 31, 1991 respectively. The current portion of the net investment in this financing lease of $19,000 is included in accounts receivable at March 31, 1992 and December 31, 1991, respectively.

Note 8 Employee Benefit Plans

The Company contributes to a discretionary executive bonus plan. Contributions for the first three months of 1992 and 1991 were $44,000 and $82,000 respectively.

The Company also has a qualified profit sharing plan for eligible employees. Contributions to this plan are made at the discretion of the Board of Directors and benefits are limited to the allocated interests in fund assets. Contributions for the first three months of 1992 and 1991 were $75,000 for each period.

Note 9 Related Parties

Exber, Inc. and the Company's Chairman of the Board, John D. Gaughan, together a 52% Stockholder, lease to the Company land and buildings in Las Vegas, Nevada. Annual payments by the Company and its subsidiaries are $1,250,000. The lease extends through 2001 with renewals. The Company is also obligated to Exber, Inc. by the terms of a demand note in the amount of $3,000,000 (See Notes 6 and 7).

Note 10 Contingencies

The Internal Revenue Service is currently conducting examinations of various gaming establishments and is seeking to assess F.I.C.A. taxes against the companies for tips and/or other gratuities allegedly earned by employees. Based upon current negotiations between the gaming industry and the Internal Revenue Service, it is management's opinion that no material liability exists with respect to this contingency.

The Company has contingent liabilities with respect to lawsuits and other matters arising in the ordinary course of business. In the opinion of management, no material liability exists with respect to these contingencies.

Note 11 Settlement of Prior Years Contingency

The Company's major subsidiary, the Union Plaza Operating Company, has been in litigation with the National Labor Relations Board (NLRB) and with the HEREIU Welfare Fund over a number of years.

In April, 1991, the Company reached settlements with the Local Joint Executive Board of Las Vegas, Culinary Workers Union, Local No. 226 and Bartenders Union, Local No. 165. Pursuant to those agreements, the lawsuit by the HEREIU Welfare Fund Trustees was dismissed with prejudice. The NLRB accepted the Company's settlement agreement with the Unions as full compliance with their order.

The settlement agreements, finalized in January 1992, required the company to provide payments aggregating approximately $1,135,000 to eligible employees based upon hours worked between May 2, 1986 and June 1, 1989. The agreement also sets forth new contributory rates for health and welfare benefits effective June 1, 1991, amounting to approximately $750,000 as of December 31, 1991. Provisions for these amounts were included as operating expenses for the year ended December 31, 1991.

Part 1. - Financial Information

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES

The Company had total cash assets amounting to $4,059,000 (6.8% of total assets) at December 31, 1991 and $3,644,000 (6.3% of total assets) at March 31, 1992. The ratio of currrent assets to current liabilities was 0.8 to 1 at December 31, 1991 and 1.1 to 1 at March 31, 1992.

Beginning in April 1985, the Company started paying monthly principal payments on a $36,000,000 first mortgage issued in connection with the expansion program completed in 1983. Principal payments amounted to $1,546,000 in 1991 and $408,000 during the first three months of 1992. This loan was renegotiated in October 1986 and the unpaid principal balance of $23,950,000 is being liquidated under significantly more favorable terms.

The Company disbursed $6,409,000 to acquire 320,450 treasury shares during 1991 and $58,000 to purchase 2,900 treasury shares during the first three months of 1992. The acquisitions were funded from internally generated cash flow of $4,967,000 and by proceeds from a note payable to stockholder of $1,500,000 (See Note 6).

The Company's long-term debt and obligations under capital leases, including current maturities, was $32,962,000 and $33,529,000 at December 31, 1991 and March 31, 1992, respec-tively. The ratio of debt to equity was 2.0 to 1 at December 31, 1991 and 2.0 to 1 at March 31, 1992.

Part 1. - Financial Information, Continued

RESULTS OF OPERATIONS

The Company's gross revenues for the first three months of 1992 of $19,130,000 were up $886,000 (5%) from the $18,244,000 reported for this period last year. Total Casino win was up $669,000 (6%) over 1991. The Slot Department continued to show improvement with an increase in win of $792,000 (12%) over the first three months of 1991. Race and Sports Book win was up $197,000 (38%). Pit win continued to show weakness and decreased by $323,000 (10%). Food sales increased by $258,000. All other revenue centers were at approximately the same levels reported for the first three months of 1991. Promotional complimentaries furnished gratuitously to gaming patrons were up $422,000 (17%). Other costs and expenses were up $929,000 from 1991 levels. Overall, the Company showed a decrease of $465,000 in net income for the first three months of 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNION PLAZA HOTEL AND CASINO, INC.
(Registrant)

Date: May 5, 1992

JOHN F. GAUGHAN, President & Chief Operating Officer

Date: May 5, 1992

JOHN P. JONES, Vice President & Treasurer